VIRTUS GROUP

Chartered Accountants & Business Advisors LLP

WASCANA CENTRE AUTHORITY

REGINA, SASKATCHEWAN

FINANCIAL STATEMENTS
March 31, 2005

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying financial statements of **Wascana Centre Authority** have been prepared by the Organization's management in accordance with Canadian generally accepted accounting principles and necessarily include some amounts based on informed judgement and management estimates.

To assist management in fulfilling its responsibilities, a system of internal controls has been established to provide reasonable assurance that the financial statements are accurate and reliable and that assets are safeguarded.

The board of directors has reviewed and approved these financial statements.

These financial statements have been examined by the independent auditors, **Virtus Group LLP**, and their report is presented separately.

S.P. (Van) Isman
Executive Director

Don Pho, CA
Director of Administration

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Chartered Accountants & Business Advisors LLP

AUDITORS' REPORT

To the Members,

Wascana Centre Authority

We have audited the statement of financial position of **Wascana Centre Authority** as at **March 31, 2005** and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Organization as at **March 31, 2005** and the results of its operations and its cash flows for the year then ended in accordance with the basis of accounting required by the *The Wascana Centre Act* as disclosed in note 2 to the financial statements.

These financial statements which have not been and were not intended to be prepared, in all respects with Canadian generally accepted accounting principles, are solely for the information and use of the addressees and the Participating Parties and for the purposes referred to in the notes to the financial statements and are not intended to be and should not be used by anyone other than those specified or for any other purpose.

Virtus Group LLP

Regina, Saskatchewan
June 9, 2005

Chartered Accountants

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Wascana Centre Authority

Statement of Financial Position

As at March 31, 2005, with comparative figures for 2004

	2005	2004
Assets		
Current assets		
Cash and term deposits	$ 702,583	$ 450,716
Accounts receivable	50,075	53,369
Inventory	3,504	3,312
Prepaid expenses	811	24,039
	756,973	531,436
Property, plant and equipment (note 3)	2,615,646	2,639,730
	$ 3,372,619	$ 3,171,166
Liabilities and Participating Parties' Net Assets		
Current liabilities		
Accounts payable	$ 213,599	$ 250,105
Early retirement benefits payable (note 4)	4,200	5,250
Deferred revenue	14,701	8,924
	232,500	264,279
Early retirement benefits payable (note 4)	9,250	13,450
Deferred contributions (note 5)	322,885	102,124
	564,635	379,853
Net assets		
Investment in property, plant and equipment (note 6)	2,615,646	2,639,730
Internally restricted net assets (note 7)	192,339	151,583
	2,807,985	2,791,313
	$ 3,372,620	$ 3,171,166

See accompanying notes to the financial statements.

Approved by the Authority:

Member

Member

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Wascana Centre Authority

Statement of Operations

Year ended March 31, 2005, with comparative figures for 2004

	2005	2004
Revenue		
Government of Saskatchewan		
Statutory grant	$ 660,131	$ 799,925
Maintenance grant	1,918,450	1,918,450
City of Regina		
Statutory grant	360,072	436,323
Maintenance grant	826,700	826,700
University of Regina		
Statutory grant	217,886	218,162
Maintenance grant	296,850	296,850
Other operating revenue (Schedule 1)	245,938	386,248
	4,526,027	4,882,658
Expenses		
Landscape construction (Schedule 2)	154,238	550,043
Landscape maintenance (Schedule 3)	944,207	980,673
Service maintenance (Schedule 3)	791,617	864,076
Indirect costs (Schedule 3)	1,222,040	1,356,510
Specialized services (Schedule 4)	1,146,252	1,183,977
Amortization	251,001	242,741
	4,509,355	5,178,020
Excess of revenue (expenses) for the year	$ 16,672	$ (295,362)

See accompanying notes to the financial statements.

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Wascana Centre Authority

Statement of Changes in Net Assets

Year ended March 31, 2005, with comparative figures for 2004

	Invested in property, plant and equipment	Internally Restricted	Unrestricted	2005	2004
Balance, beginning of year	$ 2,639,730	$ 151,583	$ -	$ 2,791,313	$ 3,086,675
Excess of revenue (expenses) for the year	(251,001)	-	267,673	16,672	(295,362)
Net change in investment in property, plant and equipment (note 6)	226,917	-	(226,917)	-	-
Internally imposed restrictions (note 7)	-	40,756	(40,756)	-	-
Balance, end of year	$ 2,615,646	$ 192,339	$ -	$ 2,807,985	$ 2,791,313

See accompanying notes to the financial statements.

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Wascana Centre Authority

Statement of Cash Flows

Year ended March 31, 2005, with comparative figures for 2004

	2005	2004
Cash provided by (used in):		
Operating activities:		
Excess of revenue (expenses) for the year	$ 16,672	$ (295,362)
Items not involving cash:		
Amortization	251,001	242,741
Gain on sale of property, plant and equipment	(1,640)	(226)
Decrease (Increase) in accounts receivable	3,294	70,883
Decrease (Increase) in inventory	(192)	395
Decrease (Increase) in prepaid expenses	23,228	(82)
Decrease in accounts payable	(36,506)	(36,373)
Decrease in early retirement benefits payable	(5,250)	(9,800)
Increase (Decrease) in deferred revenue	5,777	(120,784)
Increase (Decrease) in deferred contributions	220,761	(33,410)
	477,145	(182,018)
Investing activities:		
Purchase of property, plant and equipment (note 6)	(226,917)	(216,686)
Proceeds on sale of property, plant and equipment	1,639	1,452
	(225,278)	(215,234)
Increase (Decrease) in cash and term deposits	251,867	(397,252)
Cash and term deposits, beginning of year	450,716	847,968
Cash and term deposits, end of year	$ 702,583	$ 450,716

See accompanying notes to the financial statements.

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Note 1. Description of operations

On April 1, 1962, *The Wascana Centre Act* (the "Act") was passed unanimously by the Saskatchewan Legislature. By this Act, the Wascana Centre Authority (the "Authority") was established as a statutory corporate body for the operation of Wascana Centre (the "Centre"). The Government of Saskatchewan (the "Government"), the City of Regina (the "City") and the University of Regina (the "University"), usually referred to as "Participating Parties", became partners in the Wascana Centre Authority.

Under the powers of the Act, the Authority establishes a master plan for the Centre and ensures all developments are consistent with the plan; approves all exterior improvements, including building, service facility and landscape improvements; establishes bylaws; provides special services; undertakes landscape construction and maintains the grounds within the boundaries of the Centre.

The Authority is a registered charity within the meaning of the *Income Tax Act* (Canada) and is exempt from income taxes.

The Authority is economically dependant on the Participating Parties and is financed as follows:

Statutory grants

These funds are provided for in Section 53 of the Act, on the shared basis of 55% by the Government, 30% by the City and 15% by the University to provide the necessary funding for the administrative and general operating expenses of the Authority. The Act also provides that no less than $375,000 of this amount be directed towards landscape construction and service facility construction and restoration on Authority owned land, and service facility construction on land of a Participating Party when the service facility construction is deemed to be of mutual benefit to the three Participating Parties, pursuant to Section 30 of the Act.

Operating grants

Beyond the statutory contribution, operating grants are provided by each of the Participating Parties based on land ownership.

To maintain uniformity throughout the Centre, unit operating costs are established pursuant to Section 37 of the Act and applied as standards for landscape and service maintenance. This ensures that each of the Participating Parties pays its fair share of operating costs for lands located within the Centre, the title for which is held by the respective Participating Parties.

Developments such as buildings, roadways and landscaped areas are the responsibility of the landowner holding title to such developments.

Note 2. Significant accounting policies

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles and reflect the following policies:

Revenue recognition

The Authority follows the deferral method of accounting for contributions which include government grants and donations. Where a portion of a grant relates to a future period, it is deferred and recognized in the related period.

Revenue from fees, contracts and sale of goods and services are recognized when the services are provided or the goods are sold.

Property, plant and equipment

Purchased assets are recorded at cost. Property, plant and equipment originally contributed by the Participating Parties at incorporation have been recorded at a nominal value of $1. In accordance with the Act, specifically designated expenditures that are incurred for landscape construction on public land and construction of service facilities on Authority land or on land of the Participating Parties are expensed.

Amortization is provided on the straight-line basis over the following periods:

Buildings	20 years
Equipment	5 - 10 years
Vehicles	5 - 8 years
Office furniture	10 years

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Note 3. Property, plant and equipment

	Cost	Accumulated Amortization	2005 Net Book Value	2004 Net Book Value
Assets from Participating Parties	$ 1	$ -	$ 1	$ 1
Land	1,669,895	-	1,669,895	1,669,895
Buildings	3,907,269	3,739,456	167,813	180,779
Equipment	2,328,377	1,730,153	598,224	632,446
Vehicles	644,796	509,422	135,374	87,343
Office furniture	267,828	223,489	44,339	63,266
	$ 8,818,166	$ 6,202,520	$ 2,615,646	$ 2,639,730

Note 4. Early retirement benefits payable and retirement incentive program

Amounts owing under an early retirement program introduced in 1993 are as follows:

	2005	2004
Bridge benefits payable to early retirees until year 2009	$ 13,450	$ 18,700
Less current portion	(4,200)	(5,250)
Long-term portion	$ 9,250	$ 13,450

Estimated annual payments are as follows: 2006 to 2008 - $4,200; 2009 - $850

A retirement incentive program was introduced in 2002, whereby twelve employees would become eligible to receive an incentive payment of $25,000 for retirement upon reaching either 60 years of age, or achieving 35 years of pensionable service. To date four employees have become eligible and have declined. Two employees in 2006, two in 2007 and four in 2008 will become eligible for the payment. The cost of this program, if any, will be recorded in the period payable.

Note 5. Deferred contributions

Deferred contributions represent unspent statutory grants for landscape construction carried forward from year to year. The current balance includes funds reserved for expenditures on Landscape Construction, Fine Arts, Master Plan and Waterfowl Park initiatives.

	2005	2004
Balance, beginning of year	$ 102,124	$ 135,534
Add: Amounts received during the year	375,000	516,633
Less: Amounts recognized as revenue during the year	(154,239)	(550,043)
Balance, end of year	$ 322,885	$ 102,124

Note 6. Investment in property, plant and equipment

Investment in property, plant and equipment is calculated as follows:

	2005	2004
Property, plant and equipment, beginning of year	$ 2,639,730	$ 2,667,011
Purchase of property, plant and equipment	226,917	216,686
Net book value of property, plant and equipment disposed	-	(1,226)
Amortization of property, plant and equipment	(251,001)	(242,741)
Property, plant and equipment, end of year	$ 2,615,646	$ 2,639,730

Change in net assets invested in property, plant and equipment is calculated as follows:

	2005	2004
Net change in investment in property, plant and equipment		
Purchase of property, plant and equipment	$ 226,917	$ 216,686
Net book value of property, plant and equipment disposed	-	(1,226)
	$ 226,917	$ 215,460

Note 7. Internally restricted net assets

The Authority has internally restricted amounts set aside for expenditures relating to Waterfowl Park and Fine Arts initiatives and other contingencies. The internally restricted amounts are not available for other purposes without approval by the Participating Parties.

	2005	2004
Balance, beginning of year	$ 151,583	$ 419,664
Transfers to unrestricted net assets	-	(268,081)
Transfers from unrestricted net assets	40,756	-
Balance, end of year	$ 192,339	$ 151,583

Note 8. Funds designated for future projects

The combined effect of the special reserves described in notes 5 and 7 are as follows:

	Deferred contributions	Internally restricted net assets	2005	2004
Fine Arts reserve	$ 63,000	$ 15,889	$ 78,889	$ 78,889
Waterfowl Park reserve	34,395	27,707	62,102	62,102
Master Plan reserve	57,602	-	57,602	37,602
	154,997	43,596	198,593	178,593
Landscape construction surplus (deficit)	167,888	-	167,888	(32,873)
Contingency fund	-	148,743	148,743	107,987
	$ 322,885	$ 192,339	$ 515,224	$ 253,707

Note 9. Related-party transactions

Included in these financial statements are expenditures resulting from routine operating transactions with various agencies and departments of the Participating Parties.

These transactions are in the normal course of operations and are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The Authority had the following transactions with related parties:

	2005	2004
Expenses:		
Landscape maintenance	$ 420	$ 40
Service maintenance	222,659	183,526
Indirect costs	125,612	114,923
Specialized services	95,456	78,356
Amounts included in the statement of financial position:		
Accounts receivable	$ 31,867	$ 24,556
Prepaid expenses	-	19,887
Accounts payable	51,451	65,106
Deferred revenue	14,701	8,924

During the year, the Authority incurred expenses of $563,490 (2004 - $452,339) for services provided to the Participating Parties and outside agencies on a contractual basis that were fully recovered from the Participating Parties and outside agencies.

Note 10. Financial instruments

Fair Value:
The fair value of the Authority's accounts receivable, accounts payable and early retirement benefits payable approximate their carrying amounts due to their short term nature.

Credit Risk:
The Authority is exposed to credit risk on the accounts receivable from its customers. In order to reduce its credit risk, the Authority has adopted credit policies, which includes the analysis of the financial position of its customers and the regular review of their credit limits. The Authority incurred insignificant bad debt expense during the past three years.

Note 11. Comparative figures

Certain comparative figures have been reclassified to conform with the presentation in the current period.

Wascana Centre Authority

Schedule 1-Other Operating Revenue

Year ended March 31, 2005, with comparative figures for 2004

	2005	2004
Service maintenance contracts	$ 82,700	$ 82,700
Miscellaneous	57,000	25,169
Gift shop revenue (net of cost of goods sold of $84,040; 2004 - $68,861)	29,093	23,004
Rent	26,629	27,138
Other grant revenue	17,448	500
Interest	17,433	18,385
Ferry boat revenue	10,488	7,346
Parking ticket revenue	3,507	4,130
Gain on sale of capital assets	1,640	226
Centenary Grant Program	-	141,650
Centennial Summer Student Employment Program	-	56,000
	$ 245,938	$ 386,248

Schedule 2 - Landscape Construction

Year ended March 31, 2005, with comparative figures for 2004

	2005	2004
Development salaries	$ 96,420	$ 100,553
Spruce Island Overlook	16,741	23,569
Installation of gates & bollards - Wascana Hill	15,497	-
Wascana Bikeway Phase III	14,371	264,668
Trafalgar Overlook Phase III	6,928	11,957
Kramer Corner Landscape	1,830	33,974
Miscellaneous	1,737	-
Small miscellaneous projects	714	9,093
Lakeshore Drive Landscape	-	1,669
Speakers' Corner improvements	-	67,246
Forestation	-	12,276
Master Plan Program	-	3,115
Wascana Place East Plaza	-	21,923
	$ 154,238	$ 550,043

Wascana Centre Authority

Schedule 3 - Landscape Maintenance, Service Maintenance and Indirect Costs

Year ended March 31, 2005, with comparative figures for 2004

	2005	2004
Landscape Maintenance		
Salaries:		
Irrigated turf	$ 407,356	$ 427,497
Trees and shrubs	177,956	194,360
Flowers, bedding plant, nursery	88,957	88,798
Picnic sites, park furniture, amenities	45,865	43,876
Unimproved	40,391	33,802
Playing fields	32,578	35,863
	793,103	824,196
Materials	151,104	156,477
	$ 944,207	$ 980,673
Service Maintenance		
Salaries:		
Snow removal	$ 159,908	$ 185,533
Roads, lighting and signs	38,186	34,250
Buildings and washrooms	30,295	27,681
Survey, engineering	25,757	51,876
Striping and sweeping	9,651	7,998
	263,797	307,338
Utilities	230,185	235,707
Building repair and maintenance - materials	131,980	169,249
Supplies and materials	87,842	85,830
Insurance	77,813	65,952
	527,820	556,738
	$ 791,617	$ 864,076
Indirect Costs		
Equipment maintenance:		
Gas, oil and grease	$ 116,910	$ 109,838
Salaries	114,368	116,844
Miscellaneous repairs and materials	111,758	88,776
Vehicle and equipment rental, registration and insurance	73,151	72,998
Cost recoveries	(73,075)	(53,261)
	343,112	335,195
Employee benefits (net of cost recoveries of $98,825; 2004 - $94,215)	675,266	822,958
Supervisory salaries	203,662	198,357
	$ 1,222,040	$ 1,356,510

Wascana Centre Authority

Schedule 4 - Specialized Services

Year ended March 31, 2005, with comparative figures for 2004

	2005	2004
Greenhouse:		
Salaries	$ 100,316	$ 106,248
Materials	62,565	51,512
	162,881	157,760
Police:		
Salaries	157,255	163,273
Vehicle operation and rental	26,505	25,613
Uniforms, radios and other	5,673	7,731
Parking enforcement and security services	1,611	203
	191,044	196,820
Public relations:		
Salaries	154,880	162,207
Information and committee programs	47,535	45,850
Art gallery and gift shop expense	15,861	17,015
Display ponds	5,123	2,320
Photography and printing	2,480	9,000
	225,879	236,392
Administration:		
Salaries	412,338	394,469
Data processing	34,652	22,954
Telephone	30,948	28,153
Photocopying and supplies	22,841	24,223
Honoraria and association fees	12,925	22,027
Regulatory and consulting	12,894	45,364
Training and travel	11,293	25,503
Postage and courier services	8,994	7,253
Audit	8,000	10,286
Legal expenses	7,775	8,883
Reference books and subscriptions	3,788	3,890
	566,448	593,005
	$ 1,146,252	$ 1,183,977

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